

# Annual Report 2001 of the Environmental Finance Center Network

Environmental Finance Center Network

2001 Annual Report

## EFC at the University of Louisville

### The University of Louisville is one of two EFC's in Region 4

The Region 4 Environmental Finance Center at the University of Louisville (EFC4@UL) continued its "training the trainer" efforts to provide tools for the needs of water and sewer system operators in the Region, and strengthened its base and range of expertise in land use-related environmental finance issues as a University-based provider of support services. The EFC developed several Policy Guides to educate local government decision-makers and other parties about the environmental policy choices they face and some of the monetary and non-monetary economic consequences of their decisions and are refining and completing others. At the same time, the EFC has launched a series of Brownfield Financing Workshops for lenders and developers in the different states in EPA Region 4, working in

cooperation with the Region's Brownfields Office and a range of other collaborators. Complementing this effort, the EFC expanded the range of its background investigation and technical assistance provision in the key areas of environmental liability and risk management, working on a cooperation with the Region's Brownfields Office and a range of other collaborators. Complementing this effort, the EFC expanded the range of its number of discrete issues relating to the availability, utilization, and financial utility of environmental insurance products and services.

Over the year, the EFC expanded its funding from other environmental economics and finance studies and technical assistance projects to

extend its reach. Complementing the EPA funds from the Environmental Finance Program and the Headquarters Brownfields Program (OSWER/OSPS), the EFC received funding from the Lincoln Institute of Land Policy as well as from individual municipalities and states. The EFC also



#### In this issue...

Introduction .....	1
Accomplishments .....	1
Current Projects .....	2
New Initiatives .....	6

expanded its range of collaborations in pursuing funds to include Resources for the Future as well as additional universities and faculties.

## ACCOMPLISHMENTS

The Region 4 Environmental Finance Center at the University of Louisville (EFC4@UL) continued its efforts to “train the trainers” of organizations and staff members engaged in environmental policy implementation, but greatly expanded its direct delivery of training in the course of 2001. Center personnel participated in thirteen different workshops and seminars in the US and three overseas during the year, delivering twenty-five different presentations or sessions.

In addition, the Louisville EFC extended its study and data collection in support of new Policy Guides focused on land and water use and planning. This was in response to the need for more guidance on matters relating to smart growth and control of urban area expansion in the growing metropolitan areas of the Southeast. These Guides will be available on-line and in hard copy, and will be accompanied by regularly updated Web resources including bibliographic materials, court decisions, and evaluative findings on the success of different approaches to environmental policy and finance issues. The EFC also provided support to the Kentucky Institute for the Environment and Sustainable Development (KIESD) in the publication of *Sustain*, its journal on environmental and sustainability issues that is distributed to 1500 individuals in Kentucky and elsewhere.

## CURRENT PROJECTS AND ACTIVITIES

### Local Environmental Policy Guides

The Policy Guides have been in development for use in training local officials, staff, and other decision-makers. Topics currently in process include:

- *Strategies for Brownfield Redevelopment: Choosing a Cost-Effective Approach* (in press)
- *Takings and Givings: Property Rights and Environmental Quality* (being finalized)

- *Small-scale Decentralized Cogeneration and Local Electric Utilities* (in revision; rewrite)

- *Infill Strategies for Local Governments* (researched; about to be drafted)

- *Assessing One's Local Costs and Benefits from "Sprawl"* (in research and development)

We also await final copy from a specialist from the University of Florida for a guide on:

- *Financial Returns from Recycling and Re-Use of Construction and Demolition Debris*

### Supporting “Smart Growth” and Better Management of Changing Land Use Patterns

The Environmental Finance Center supported the efforts of Kentucky, Indiana and other states in developing approaches to smarter growth and land use planning. Its work is intended to improve public decision-makers' capacities to evaluate growth policy options in terms of efficiency, equity and effectiveness. The EFC's growth management studies thus seek to:

- describe and define patterns of development in urban and urbanizing areas; and
- assess the utility of different approaches that have been implemented to provide guidance on the cost- and policy-effectiveness of alternative public interventions in land use change processes.

The EFC built up its Geographic Information System analysis and descriptive capacities in order to pursue these objectives and better serve state and local planning bodies. Activities have included:

- Compilation of a bibliography on sprawl, quality of life and "smart growth" covering academic materials, government reports on activities or copies of legislation, regulations, guidance documents, and materials from industry or trade associations, lobbying groups and the like.
- Development of a searchable matrix of specific state or local “smart growth” interventions, their

current legal or implementation status, and any documentation of their land use impacts.

- Economic Development and Transportation Policy support for the Kentucky Governor's Smart Growth Task Force.
- Editorial review of the "Where do we Grow from Here?" smart growth series of the Natural Resources and Environment Section, National Governors' Association Center for Best Practices.
- Pilot/Demonstration study of cost-effective methods for tracking spatial change, using GIS to map urban spread in the state of Kentucky, in collaboration with the Department of Geography and Geographic Information System Laboratory, University of Louisville.
- Study of links between alternative local public works financing tools and infrastructure quality.
- Hedonic value analysis of the effects of an abandoned gas station on neighboring property values.
- Support for *Sustain*, the KIESD journal. "Urban Design for Environmental Protection" (Spring, 2001) addressed maintaining and enhancing environmental quality through design and green buildings. "Sustainability of Industrialized Agriculture" (Fall, 2001) examined the diverse costs of changes in agricultural practices.
- Smart growth dynamic model development for display in the 2002 Kentucky State Fair.

#### **Brownfield Redevelopment:**

The EFC's brownfields work is primarily linked to its mission of practical assistance to state and local governments. The EFC tracks specific techniques to encourage private investment, including risk management options, insurance products available for uncertainty reduction and loss control, voluntary cleanup programs, financing options, and tax incentives. The EFC maintains a current library on developments in the field, and regularly contribute to the national dialogue between the involved policy makers, academics, and private sector actors.

At the national level, the EFC continues its work with the OSWER Outreach and Special Projects Staff on brownfields risk management and insurance. It conducted an electronic focus group for state and local officials and insurance underwriters, brokers and agents to address the barriers to public sector acquisition of environmental insurance for portfolios of brownfield sites targeted for redevelopment as part of this ongoing effort and, as of December, 2001, are preparing another OSPS report addressing findings. The EFC also supported the Superfund Enforcement Branch in its examination of the utilization of environmental insurance as an alternative means of assuring contributions to cleanups from *de minimus* and *de micromis* contributors (an issue largely rendered moot by the new brownfields legislation signed by President Bush in January, 2002.)

Working with the Region 4 Brownfields Coordinator, the EFC initiated a program of state "brownfield financing workshops," being delivered in all states in the region in the course of FY 2002. In developing these offerings, the EFC built working relationships with the numerous Federal Reserve Banks and offices of the Federal Deposit Insurance Corporation and Office of Thrift Supervision to both recruit lenders they supervise and to participate as speakers, providing guidance about the standards to

which they will hold the lenders they regulate or advise.

At the state and local level, the EFC provided guidance on brownfield financing and risk transfer options and on property market impacts to officials and offices in CT, FL, GA, IN, KY, MS, NJ, NY, OH, and PA. The EFC has been providing specific assistance to the City of Louisville in developing a relational database for that will allow them to incorporate their existing brownfields data into an interactive environment, allowing them to more seamlessly update and report on local redevelopment activity. The EFC also helped develop a database for Atlanta that facilitates analysis of the effects of known and suspected brownfield sites on the patterns of redevelopment in low-income communities.

#### **Environmental Insurance and Risk Management**

The EFC's efforts centered on its continuing work on "The Impact of Environmental Insurance on Brownfield Redevelopment Processes," collaborating with Northern Kentucky University (NKU) with funding from OSWER/OSPS, as noted above. Building on this effort, the EFC initiated on-going collaboration with the Association of Government Risk Pools to train the managers of municipal, county and special district general liability insurance pools on how they can use their expertise to assist their members in obtaining environmental insurance coverage for brownfield redevelopment efforts. The EFC also is continuing collaborative work with the International City/County Management Association on delivery of guidance materials, documents and training to their membership on the development of environmental insurance plans and risk transfer programs for public sector-led brownfield projects.

In July, the EFC launched a small study of developers' utilization of environmental insurance for

their brownfield properties with funding from the Lincoln Institute of Land Policy. This project, conducted jointly with NKU and Resources for the Future, will produce instructional materials for training community development corporations and other non-profit regeneration organizations in how better to manage their environmental risk exposures.

In December, the EPA National Center for Environmental Research notified the Louisville EFC of award of a two year, \$270,000 study of "Urban Regeneration through Environmental Remediation: Valuing Market Based Incentives for Brownfields Development," a project to be conducted jointly with Resources for the Future and the University of Maryland. The project will, among other results, provide guidance on the most cost-effective incentives to attract developers and capital to brownfield sites.

#### **Support for Water Utilities' Financial Capacity**

After participating the in joint Region 4 and Region 6 Capacity Development Workshop in 2001, the Louisville EFC took steps to better serve the training needs of water and sewer system operators in the Region. It initiated a partnership with the Department of Accountancy in the College of Business and Public Administration late in 2001 for the delivery of training and technical assistance services. Students in the new Masters of Accountancy program will be able to satisfy the requirement that they engage in practical projects for their training by offering assistance to small scale drinking and waste water systems operators through a program the EFC expects to have delivering services by Summer, 2002.

#### **Training Provided and Other Participation in Workshops and Conferences**

- Center Director, Peter Meyer, discussed “*Sustainable Development and Brownfields*,” First Statewide Brownfields Conference - Indiana 2001: Local Lessons Learned, Bloomington, IN, 3/27.
- Kristen Yount (Center Faculty Associate, Northern Kentucky University), “*Limiting Liability with Insurance*,” First Statewide Brownfields Conference - Indiana 2001, Bloomington, IN, 3/27.
- Dr. Meyer, “*Looking at State ‘Smart Growth’ Efforts in Living Color: Can Brownfield Regeneration Really Protect Greenfields from Urbanization?*” Annual Meeting, Urban Affairs Association, Detroit, MI, 4/17.
- Russ Barnett, Project Manager, organized, chaired, presented “*Stormwater Planning and Design to Protect Urban Watersheds*,” for the Center for Watershed Protection, Louisville, KY, 5/8-9.
- Dr. Meyer, “*Urban Amenities for Urban Regeneration: A U.S. Perspective*,” School of the Built Environment, University of Westminster, London, UK, 5/14.
- Dr. Meyer, “*‘Capitalist,’ ‘Socialist,’ and ‘Green’ Perspectives on Urban Regeneration Using Contaminated Lands*,” The European Regional Business and Economic Development Unit and The Centre for Urban Development and Environmental Management, Leeds Metropolitan University, Leeds, UK, 5/1.
- Dr. Meyer “*Brownfield Regeneration Strategies*,” U.S. Economic Development Administration National Forum, “*Partnerships for the 21<sup>st</sup> Century*,” Washington, DC, 5/31.
- Dr. Meyer participated in the annual EPA Region 4 Brownfields meeting, Decatur, GA, 7/24-26.
- R. Barnett organized, chaired, presented a “*Train-the Trainer Workshop on Stormwater Management*,” Louisville, KY, 8/1.
- Drs. Yount and Meyer conducted a workshop on “*Brownfield Redevelopment and the Need for Environmental Insurance: Possible Roles for Pools in Facilitating Local Government Risk Management*,” Institute for Management and Leadership of the National Association of Government Risk Pools (AGRiP), Sault St. Marie, MI, 8/8.
- Dr. Meyer, “*Brownfields, Greenfields, and State Incentives for Smarter Growth*,” Annual Meeting, National Conference of State Legislatures, San Antonio, TX, 8/14.
- Dr. Meyer, “*Brownfields, Greenfields, and Openfields: Making the Most of the Connections*,” quarterly meeting, Indianapolis Community Development Forum of the Federal Reserve Bank of Chicago, Indianapolis, IN, 8/24.
- Dr. Meyer, “*Smart Growth in Jefferson County*,” quarterly Louisville Community and Lender Luncheon of the Federal Reserve Bank of St. Louis, 9/13.
- Sarah Coffin, Research Assoc., “*Yes, You Can Afford to Redevelop those Pesky Brownfields*,” on municipal gains from reclamation of small

brownfields, *Brownfields2001*, Chicago, IL, 9/25.

- N.G. Leigh (GA Tech) and S. Coffin, “*Can a Market-Driven Brownfields Redevelopment Approach Satisfy the Requirements of Environmental Justice?*” *Brownfields2001*, 9/25.
- Dr. Meyer, “*Maximizing Investment Returns by Using Brownfields for Area-Wide Regeneration Efforts*” at *Brownfields2001*, 9/25.
- Drs. Yount and Meyer, session on “*Insuring Success: Brownfield Insurance Models for Governments*,” a dialogue organized around brownfield insurance policy case studies *Brownfields2001*, 9/25.
- I. Thomas and S. Coffin contributed to the Indiana Planning Association conference, “*Facing Sprawl Head On*,” Jeffersonville, IN, 10/4-5
- S. Coffin, “*The Brownfields Reality Check: A Study of Land Value and the Effects of Brownfield Redevelopment on the Locations of Section 8 Households*,” Association of Collegiate Schools of Planning, Cleveland, OH, 11/4.
- Drs. Meyer and Yount, “*Planning for - and Managing - Environmental Risks: Fighting ‘Sprawl’ by Stimulating Brownfield Redevelopment*,” Association of Collegiate Schools of Planning Conference, Cleveland, OH, 11/5.
- Dr. Meyer, organized, chaired, presented at “*Mississippi Brownfield Financing Workshop*,” hosted by EPA Region 4 Brownfields Office and City of Jackson, Jackson, MS, 12/10.

- S. Coffin discussed environmental insurance options for the Indiana Brownfields Advisory Group that might complement the state's new Petroleum Remediation Grant Incentive program, 12/12.

## NEW INITIATIVES AND PROPOSALS PENDING

### Web Resources for Smarter Growth Policy

“Web Resources for Smarter Growth Policy” will begin to be available on the EFC website. These resources are planned to include:

- The “Takings” Scene – an updated list of state and local legislation and regulations intended to restrict land use controls that restrict the profits to be made on land transactions, consistent with the Fourth Amendment, and a review of court rulings and other judicial findings on the applicability and appropriateness of local public payments to private landowners to compensate them for planning controls. The contents will initially be focused on Region 4 states in the Southeastern US, but will be expanded to other regions over time, as funding permits.
- The Smart Growth File – a collection of smart growth and related strategies that have passed judicial review and have a track record of impacts on the expansion of urbanized areas and development patterns. Different approaches and impacts will be linked to particular types of “sprawl” pressures and other local economic and other market conditions, so that local decision-makers can identify their situation and problems as seen by their constituencies and pick approaches

that may serve their objectives while minimizing other unintended consequences.

- The Brownfields Public Financier – a site to be developed if non-EFC funding permits, that will include data on structuring risk management programs and using insurance, on ways to employ tax increment financing and special assessment district powers to arrange funding for site reclamation and a guidebook elements on prioritizing sites for public support, based on the off-site spillovers that may result from cleanup or containment and different types of productive redevelopment.
- “Absorptive Capacity Fund (ACF) Prototype Country Program for Georgia.” Part of a proposal from the Pollution Prevention Center of the Kentucky Institute for the Environment and Sustainable Development to USAID for \$1,123,000 for water and waste-water management capacity development for local officials from the Republic of Georgia through training to be provided in Louisville.
- Project Manager, Russell Barnett has been meeting with the Kentucky Innovation Commission on sustainable energy and environmental economic incentive programs. The Commission was established under the Kentucky Innovation Act and is preparing a New Economy Plan for the state, integrating high technology and research capabilities within the state to promote economic growth. The EFC involvement will be with economic feasibility analysis for alternatives facing Paducah, KY, the home of the Kentucky Gaseous Diffusion Plant, a DOE-contracted nuclear fuel reprocessing facility as well as the development of new energy sources (biomass, clean coal

technologies) and environmental control technologies.

- In 2002, the Louisville EFC will continue its focus on providing the tools for trainers to conduct training in the field of appropriate clientele, consistent with the EFC Network Plan. The EFC will also continue to explore other specific areas as part of the network-wide planning process as it expands the set of Policy Guides with Instructors’ manuals it is preparing.